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FM AMEMBASSY BUENOS AIRES
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INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUCNMER/MERCOSUR COLLECTIVE

UNCLAS BUENOS AIRES 000415

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TREASURY FOR LTRAN AND MMALLOY
E FOR THOMAS PIERCE
PASS USTR FOR DUCKWORTH
USDOC FOR 4322/ITA/MAC/OLAC/PEACHER
US SOUTHCOM FOR POLAD

E.O. 12958: N/A

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SUBJECT: ARGENTINA: AGRICULTURE SECTOR SUSPENDS STRIKE

REF: BUENOS AIRES 0408 AND PREVIOUS

11. (SBU) Summary: Argentina's four main agricultural organizations lifted their strike on April 2 for 30 days to hold discussions with the GOA. Roadblocks have been lifted throughout the country and food supplies are arriving in Buenos Aires and other major cities. Local papers report that basic food items such as meat, dairy products, fruit, and vegetables will return to grocery store shelves over the next few days. Agrarian groups, nevertheless, vowed to block the roads again if they do not reach an agreement with the government. End Summary.

Calling it Off...For Now

12. (U) Agriculture sector representatives spoke at a rally April 2 in Gualeguaychu in front of an estimated 35,000 producers and announced the suspension of the strike for 30 days. The decision to lift the strike follows the Government announcement of additional new measures in support of small farmers on March 31 (reftels) and a massive demonstration in support of the government in Buenos Aires on April 1. Contacts in the sector indicate that the main reason for lifting the strike was that the farmers have gotten as much as they can from the GoA at this time; they fear that a continuation of the strike would damage the rural sector and risk losing the public support that it has enjoyed so far.

13. (U) Leaders of the sector cited concerns about increasing public frustration over food shortages in local stores as a factor in the decision, with further shortages threatening the widespread public support they have had up to now. The representatives called the shortages a "consequence, not an objective" of the road blocks. They also strongly rejected CFK's characterization of the farmers as coup-plotting "golpistas." To drive the point home, FAA (Federacion Agraria Argentina) president Eduardo Buzzi cited farmers who were "disappeared" during the 1976-82 military dictatorship. CRA (Confederaciones Rurales Argentinas) president Maria Llambias vowed to keep an "alert and mobilized" state and return to the road blocks if the sector is left "empty-handed" after 30 days.

14. (SBU) Ambassador met April 2 with Gustavo Grobocopatel, the General Manager of the largest soybean producer in Argentina, who called the current suspension of the farm strike temporary and easily resumed at the end of the 30-day suspension. He said farmers were anxious to return to their farms and harvest their crops (the strike has delayed the harvest of corn and soybeans by two weeks). He noted that much will depend on the quality of dialogue in the

weeks ahead.

¶5. (U) The GOA's Minister of the Interior Florencio Randazzo welcomed the sector's decision and urged a quick resumption of dialogue. Randazzo pledged the GoA would fulfill its promise to compensate small and medium producers. Ruling National Victory Front congressmen Carlos Kunkel and Agustin Rossi also welcomed the lifting of the strike, but lamented the "political declarations" the agricultural representatives made. A source close to the Casa Rosada said there was much relief expressed last night by senior officials that their gambit had prevailed for now.

¶6. (SBU) Comment: The truce is a cause for celebration by most Argentines, with food deliveries to grocery stores resuming as early as yesterday. Some within the GoA view the resolution of the crisis as a victory for CFK in which she has grown out of her husband's shadow. Most analysts consider this dispute to be a major setback for the government, with the rural sector more united and vocal than at any time in almost 100 years. As one leader of the agricultural sector said to the press, the farmers decided to be the adults in this situation, ignoring the provocations in CFK's April 1 speech in order to get back to work. Having antagonized the rural sector, the GoA's negotiating skills will be put to the test in addressing the farmers' substantial complaints and preventing a return to roadblocks in May. There is a lot of skepticism about whether the government will be up to the test. End Comment.

WAYNE